

1 document that I found that deals with the purchase of  
2 Wilmington -- the first document I found that deals with the  
3 purchase of Wilmington is this minute of January 21, 1991.

4 A Uh-huh.

5 Q Now, my question is: Prior to the January 21,  
6 1991 meeting did Paul Crouch or Jane Duff talk to you about  
7 the prospective purchase of the station in Wilmington?

8 A Yes.

9 Q Now, since you don't speak on the telephone,  
10 this obviously wasn't done on the telephone, correct?

11 A It could have been.

12 Q Oh, is this one of those extraordinary  
13 events --

14 A I have some of those that happen in my life,  
15 yes. I'm sure I could check my records and find out. My  
16 secretary has all this down.

17 Q I want your recollection. Do you have a  
18 recollection of talking with either Paul Crouch or Jane Duff  
19 on the telephone about the Wilmington purchase prior to the  
20 January 21, 1991 meeting?

21 A I recollect talking to Paul and Jan -- excuse  
22 me -- Paul and Jane. But if it was on the phone or in  
23 person, I don't recollect that.

24 Q Give me the substance of your recollection.

25 A And they talked about the bankruptcy part and

1 some of the figures part and that type of thing that I  
2 listened to and didn't comprehend all of this, but I  
3 understood the gist of the story that we would be able to  
4 get this station at not a real high cost financially and  
5 that it would be a station that would reach more people.  
6 That was kind of the gist, low financial output of money and  
7 it would be high expansion as far as reaching out to people.

8 Q Now, do you know, was NMTV to be the purchaser?

9 A That was my understanding.

10 Q Do you have any knowledge as to why NMTV  
11 instead of Trinity was to be the purchaser?

12 A Why Trinity --

13 Q Didn't buy it themself.

14 A Because it was going to be a National Minority  
15 TV station, was my understanding.

16 Q Why was it going to be a National Minority TV  
17 station and not a Trinity station?

18 A Because we were getting rid of our Odessa  
19 station, which was an NMTV station, and acquiring one in its  
20 place.

21 Q Do you recall in the conversation you had with  
22 Mr. Crouch and Mrs. Duff as to what kind of money they were  
23 talking about spending to purchase the station?

24 A I'm not exactly sure, but it seems I remember a  
25 \$400,000 figure. And I could be way off. That could have

1 been a down payment or something to hold it.

2 Q What was the total figure?

3 A I do not recall the total figure, but I have  
4 those facts.

5 Q These minutes state that "it was moved,  
6 seconded and passed that the President be authorized to bid  
7 up to \$4 million for said station and its equipment."  
8 That's what's in this minute.

9 Now, my question is: You gave Paul Crouch your  
10 proxy. What did he tell you, if anything -- strike that.  
11 First of all, why were you not present?

12 A I'm sure I was traveling. I have my date book  
13 filled.

14 Q Now, what did he tell you, if anything, was  
15 going to transpire at that meeting for which you were going  
16 to give him a proxy?

17 A All the details that have been brought forth so  
18 far is exactly what he told me.

19 Q So he told you before the meeting that there  
20 was going to be a discussion and that the vote was to  
21 authorize a bid up to \$4 million to purchase the Wilmington  
22 station?

23 A Yes. He gave me the figures that I voted on,  
24 yes.

25 Q Now, did Paul Crouch tell you where the

*Sarnoff*  
DEPOSITION

1 \$4 million was going to come from?

2 A I believe we were borrowing the money, but I  
3 don't remember if we were borrowing it from NMTV or if we  
4 were going to borrow from TBN, I don't recall.

5 Q How could NMTV borrow from itself?

6 A I don't understand figures that well, but I  
7 knew that we had established two stations, and by the sale  
8 of Odessa, I just assumed that we'd have either the credit  
9 line or the money to do that.

10 Q If the money was going to be borrowed from TBN,  
11 did Paul Crouch tell you what the terms of the loan would  
12 be?

13 A I don't recall.

14 Q Did he tell you, if there was going to be a  
15 loan, what the security of the loan would be?

16 A I don't recall exactly the details.

17 Q Did he tell you how long the loan would be for?

18 A I don't remember.

19 Q Did he tell you anything about the loan that  
20 you can remember?

21 A No. It's been a long time.

22 Q So it sounded like a good idea to you?

23 A Wonderful idea. It was terrific.

24 Q This minute says that the "Odessa station is in  
25 the process of being sold to Prime Time Christian TV, Inc.

*Sarnoff*  
LITTON

1 and the FCC is considering the transfer of the station now."

2 Did you ever receive a copy of the application  
3 filed with the Commission to transfer the Odessa station?

4 A I don't recall seeing it.

5 Q Did you know what the terms of the deal were  
6 with Prime Time Christian TV, Inc. regarding the sale of the  
7 Odessa station?

8 A I don't recall the details.

9 Q It states here that "a housing allowance for  
10 Jim McClellan was considered." What's a housing allowance?

11 A Something that would compensate for his living  
12 expenses.

13 Q Have you ever heard of that term before this  
14 minute?

15 A Uh-huh. Yes.

16 Q You say it was to compensate him for his living  
17 expenses. I don't understand that.

18 A Well, the way I look at it, let me explain to  
19 you, is if I'm working and getting paid a salary, a certain  
20 amount a week, if my employer gives me a housing allowance,  
21 that means that he is going to pay either the mortgage on a  
22 house he's buying for me or pay the rent on a house.

23 Q And why was the corporation, NMTV, going to do  
24 this for Jim McClellan?

25 A To help him financially.

*Sarnoff*  
DEPOSITION

1 Q Now, I want to show you another minute of a  
2 meeting that you missed. This meeting was held on April 5,  
3 1991. And you signed the consent on April 16. Will you  
4 look that over for a minute.

5 A Okay.

6 Q Do you remember signing that consent?

7 A Yes.

8 Q Did you ever receive a copy of the contract to  
9 sell Odessa to Prime Time Christian Broadcasting, Inc.? I'm  
10 talking about the contract between NMTV and Prime Time.

11 A Did I ever receive a contract?

12 Q A copy of the contract.

13 A I'm not sure.

14 Q Did you ever read a copy of the contract?

15 A I'm not sure.

16 Q Were you ever made aware of the details of the  
17 contract?

18 A I'm not sure.

19 Q What was the price that was arrived at to sell  
20 Odessa?

21 A I don't recall.

22 Q What were the terms of the sale?

23 A I don't recall.

24 Q The next minute is one dated June 27, 1991.

25 And you were in attendance at that meeting. I want to ask

1 you about it, so would you look at that minute, please.

2 A Okay.

3 Q My question is: There is a statement here that  
4 "the president reported on the status of our application for  
5 a station in Wilmington, Delaware. Opposition to the  
6 transfer of the license to operate the station has been  
7 filed with the FCC, but our FCC counsel feels our position  
8 is strong."

9 Did you ever see a copy of the opposition that  
10 was filed to the Wilmington, Delaware transfer?

11 A A copy of the opposition?

12 Q That was filed.

13 A Who would that have been filed by?

14 Q Well, it was filed by a Hispanic organization  
15 called Salad, I think.

16 A I remember reading about Salad and the group  
17 and stuff like that.

18 Q My question is: Were you ever supplied a copy  
19 of the document that they filed with the FCC?

20 A I don't recall the document, per se.

21 Q I think it was called a petition to deny.

22 MR. TOPEL: Is there a copy to show the witness?

23 MR. COHEN: I don't have a copy. Do you have a copy?

24 MR. TOPEL: No. But the record will reflect that his  
25 response is based on memory without having a chance to look

1 at a document.

2 MR. COHEN: Exactly.

3 Q Do you have a recollection of --

4 A I remember the details and all like I had seen  
5 something like that, but I don't remember the document  
6 itself, because I remember we discussed --

7 Q Did you --

8 MR. TOPEL: Excuse me. I don't think he's finished.

9 THE WITNESS: We discussed it at length because I  
10 remember very well that Colby May tried to bring us  
11 up-to-date that we had until September to file this, and  
12 once the time lapsed, then you had to wait another -- you  
13 had to pay another filing fee and things like that. So  
14 whether he was reading the document to us or whether we all  
15 had a copy, I'm not real sure of.

16 BY MR. COHEN:

17 Q Have you finished your answer?

18 A Yes.

19 Q Was this in a face-to-face meeting or a  
20 telephone call?

21 A Face to face, yes.

22 Q And who was present at that meeting?

23 A Colby May, myself, I think Jim McClellan was  
24 there, Jane Duff, gosh, Terry Hickey. There was a good  
25 group. I can't remember everybody that was there, but I



1 think it was a pretty good-sized group.

2 Q That was obviously not the meeting that was  
3 referred to in these minutes of June 27th, correct?

4 A Obviously not?

5 Q Obviously not, because look at the persons who  
6 attended that meeting on June 27.

7 MR. TOPEL: I object for the record to that  
8 characterization.

9 MR. COHEN: What's your basis for the objection?

10 MR. TOPEL: I think it's a miss --

11 MR. COHEN: Read into the record --

12 MR. TOPEL: It doesn't at all indicate that the list  
13 of who was present is exclusive.

14 MR. COHEN: Your position is noted. Read into the  
15 record what it states there at the top as to who was  
16 present.

17 THE WITNESS: "All directors were in attendance and  
18 consented to the meeting."

19 BY MR. COHEN:

20 Q You heard what Mr. Topel said, and I want to  
21 make very sure that you have every opportunity to comment on  
22 this. I want to bring you back to the meeting that's  
23 recorded in those minutes.

24 A Right.

25 Q Were the persons who you just mentioned,

1 Mr. May and Mr. Hickey and Mr. McClellan, were they present  
2 at that special meeting held on June 27?

3 A When I was giving you the answer to that, it  
4 seemed like there was a lot of people at that meeting.

5 Q Now, was that the meeting referred to in those  
6 minutes, or was it a different meeting, the meeting on June  
7 27th?

8 A Let me read these minutes, because you're  
9 confusing me. It might have been the next meeting.

10 Q I don't to confuse you, and I'm not trying to.

11 A Okay. According to what I know for sure, who  
12 was at the meeting was Colby May, myself, Paul Crouch, Jane  
13 Duff.

14 Q Didn't you mention Jim McClellan and --

15 A I mentioned that I thought this was a meeting  
16 where there was a lot of people. But maybe it was the next  
17 meeting that I was referring to. That was about 5,000  
18 meetings ago.

19 Q Well, the next minutes I have are of a special  
20 meeting, which was a telephone meeting, held on October 2nd,  
21 1991. I have no minute of any meeting between October 2nd  
22 and June 27.

23 MR. TOPEL: By "meeting," you are talking about  
24 formal meeting in which minutes were taken?

25 MR. COHEN: That's right. That's what I said. I

1 have no record of a minute of any meeting between June 27,  
2 1991 and October 2nd, 1991.

3 Q And my question is: Do you have a recollection  
4 of a meeting occurring between those two dates?

5 A No.

6 Q What was the policy of NMTV as to when minutes  
7 were kept of meetings and when they weren't, if you know?

8 A I don't know the policy.

9 Q It wasn't your decision, was it, to make?

10 A No, it wasn't my decision.

11 Q So you don't know when minutes were kept and  
12 when minutes weren't kept, do you?

13 A I didn't keep a real close tab on it.

14 Q That wouldn't be consistent with your concept  
15 of your responsibilities; am I correct?

16 A I've never said I was irresponsible.

17 Q No. I said that wouldn't be your concept of  
18 you being a policy man, you wouldn't involve yourself in the  
19 question of who took minutes.

20 A I think the people that do the best job at it  
21 should do it.

22 Q Now I want to ask you about the special meeting  
23 that we do have a minute for that was held on June 27th,  
24 which states that "all directors were in attendance and  
25 consented to the meeting."

1 My first question is: Do you have a  
2 recollection of this meeting, the president reported on the  
3 status of the Wilmington matter? After you've read these  
4 minutes, do you have a recollection of the meeting?

5 A I have a recollection of the president  
6 reporting and Colby May giving us an update on the station,  
7 yes.

8 Q Do you have a recollection of being told what  
9 the arguments were that Salad raised as to why the transfer  
10 shouldn't be granted?

11 A I have a recollection that they gave me all  
12 kinds of details about the arguments raised and all kinds of  
13 things like that, but I don't recall what they all were at  
14 this time. But I could review my notes on that.

15 Q Going on, it states:

16 "The board discussed the Portland  
17 station. The studio is completed and we  
18 should be able to produce live programming by  
19 this fall."

20 Do you see that?

21 A Uh-huh. Yes.

22 Q Do you know what the plan was as to how much  
23 live programming was to be produced by the station?

24 A They talked details. They talked hours. I'd  
25 have to go back and look at my notes to see what those

1 details and hours were. But they did discuss that, yes.

2 Q It says:

3 "A motion was made by Phil Aguilar and  
4 seconded by Jane Duff to memorialize the  
5 corporation's reimbursement policy for  
6 business expenses."

7 What was the corporation's reimbursement policy  
8 for business expenses, which is referenced there?

9 A What was it before I made a motion?

10 Q Let me ask you this: It states that a motion  
11 was made by you to memorialize the corporation's  
12 reimbursement policy. What does it mean to memorialize?

13 A I was going to ask you that, and then I'll give  
14 you --

15 Q I wasn't the one that drafted these minutes.  
16 Do you know what it means?

17 A I'm not sure what "memorialized" means.  
18 Sometimes I say things and they wrote them down a little bit  
19 different there.

20 Q Well, what did you say?

21 A I said that people should be covered for their  
22 expenses, because Jane Duff was doing some traveling, some  
23 trade show things about the TV station, and I thought that  
24 they should be reimbursed for their expenses.

25 Q Prior to that time she had not been reimbursed?

1           A       I don't think so.

2           Q       She was laying this money out of her own

3 pocket?

4           A       At least I believe so.

5           Q       Is that what she said?

6           A       I'm not saying that's what she said. That's

7 what I thought.

8           Q       Do you know whether Trinity was picking up the

9 tab?

10          A       I don't know.

11          Q       Did you ask her?

12          A       No.

13          Q       Did you ask her if she was laying out her own

14 money?

15          A       No. I just assumed, because I was doing it on

16 my own, and I just assumed they were doing the same.

17          Q       I'm not trying to trick you, but I think you

18 will find, if you read on, that the prior policy on NMTV's

19 part had been to reimburse employees for expenses. You

20 might want to read that.

21                   Do you see that?

22          A       Uh-huh. Yes.

23          Q       So it had been NMTV's policy to reimburse --

24          A       I didn't know. I was learning.

25          Q       Now, I wanted to ask you about the last

1 paragraph on page 2 of this minute, and you might want to  
2 read that to yourself, the consideration of the financial  
3 statement which is there. Just read that to the end.

4 A So just the last paragraph?

5 Q Picking up here, Pastor.

6 A All right.

7 Q Now, you'll note that makes reference, that  
8 language down there on the bottom of the page makes  
9 reference to a financial statement for 1990.

10 Was there present in the room when this meeting  
11 took place a written financial statement for 1990, or was  
12 this an oral financial statement?

13 A It was a written.

14 Q And who prepared it?

15 A I'm not sure.

16 Q Was it prepared by the outside accounting firm  
17 that NMTV had, or was it prepared by someone else?

18 A It looked, from my eye's view, that it was like  
19 a professional, put together from outside. But, I mean --

20 Q Excuse me. Did you review that document at the  
21 meeting?

22 A Yes.

23 Q How much time did you spend reviewing it?

24 A Just a few minutes.

25 Q Were you given a copy of it?

1 A I don't recall.

2 Q Do you have any knowledge in accounting  
3 matters?

4 A Minimal.

5 Q Did you ever consider whether you had the  
6 personal, and this is not said to denigrate you at all, but  
7 the personal competence to evaluate financial statements?

8 A I could.

9 Q You thought you could?

10 A I believe I could, if I chose to.

11 Q Did you ever ask for the accountants to be  
12 present so you could ask questions about the documents?

13 A No.

14 Q Did you ever give consideration to that?

15 A No.

16 Q When you read these financial statements, were  
17 there terms in there that you were not familiar with?

18 A No. They were basic figures, and I just didn't  
19 thoroughly go through them, because I felt that someone more  
20 competent could do a better job.

21 Q And who would that person be?

22 A The person in charge of the finances.

23 Q And who was that?

24 A Therefore a couple different people it could  
25 have been.



1 Q Who is that, sir?

2 A Terry Hickey, Al Brown, one of the people that  
3 deals with finances.

4 Q So, in carrying out your duties, you never felt  
5 the need, then, to have any kind of advice or information  
6 from the accountants who prepared the documents; is that  
7 correct?

8 A I've never gotten that far yet in the job  
9 search of doing that. That definitely would have come up.

10 Q Well, it didn't come up on June 27, 1992?

11 A No. It would have come up eventually in the  
12 future. I started going through things, and on my priority  
13 list I didn't reach that yet.

14 Q It was like a learning curve, and you were  
15 still going up on a learning curve?

16 A Very sharp.

17 Q And you hadn't reached that yet?

18 A Hadn't reached that yet. We were still dealing  
19 with the big picture.

20 Q At that time in terms of the learning curve,  
21 you had been a director and officer for about ten months.

22 A Finances were looking good, though.

23 Q What do you mean?

24 A It looked like it was in the red, you know, or  
25 in the black.

1 Q You mean the black. If things were looking  
2 good, how much money did NMTV owe on June 27, 1991, do you  
3 know, to Trinity?

4 A I don't recall. But according to the  
5 conversations that were going on that were financial in the  
6 meetings, nobody was going to have to sell their house or  
7 anything like that.

8 Q And they weren't asking you for any money?

9 A Exactly.

10 Q And that was really important, wasn't it?

11 A Any time you're over even, I think you're --

12 Q I don't mean to kid with you. It strikes me,  
13 that was important, wasn't it, that you weren't being asked  
14 to reach into your pocket for any of these funds, correct?

15 A I think that question --

16 Q I say that very seriously, not in a disparaging  
17 way at all. I mean -- strike that. Let me approach this in  
18 a different way.

19 A Please.

20 Q The funding for NMTV was something coming from  
21 a source that you had no knowledge of, isn't that right, or  
22 no knowledge about? The funding was coming from TBN,  
23 Trinity, right?

24 A To be able to buy stations?

25 Q Yes.

1           A       To be able to acquire a loan and things like  
2 that?

3           Q       That's right.

4           A       Yeah, I understood that.

5           Q       And you had no knowledge of what Trinity's  
6 financial capabilities were, did you?

7           A       I had a basic understanding. I mean, there  
8 were figures and facts presented, loans, the payback, things  
9 like that, were all presented to me. I understood that.  
10 I'm a contributor to TBN, so that's my money too, anything  
11 being used, so --

12          Q       Did you have a copy of Trinity's audited  
13 financial statements for 1990 when you had this meeting on  
14 June 27 --

15          A       I had an opportunity to look at an audited copy  
16 at any time.

17          Q       Had you ever availed yourself of it?

18          A       No.

19          Q       Now, as far as the accounting statement that  
20 you received, I want to make sure the record is clear, you  
21 are saying, then, that the accounting terms in that document  
22 were ones that you understood and you didn't have any need  
23 for help in understanding them; is that your testimony?

24          A       No. What I'm saying is I have a minimal  
25 understanding of accounting, and I looked at the final

1 figures, and I looked at what was owed, and I heard  
2 conversation from other members there who gave input who I  
3 trusted to be a little more expertise in that area than  
4 myself, and it sounded good, seeing how we were all on the  
5 same team.

6 Q Next I want to show you a document entitled  
7 "Action by Unanimous Written Consent," which was signed by  
8 you on August 26, 1991. And I'd ask you to look at that  
9 document.

10 A Yes.

11 Q My question is: Do you know who prepared this  
12 document?

13 A No, I don't. I didn't see who prepared that  
14 document.

15 Q Or do you know who prepared it?

16 A No.

17 Q Now, you notice that the document authorizes  
18 any of the officers to borrow up to \$4 million to purchase  
19 WTGI. And you were one of the officers.

20 A Yes.

21 Q Now, first of all, did you sign any of the  
22 corporate documents that were subsequently prepared  
23 regarding the purchase of WTGI?

24 A I don't recall.

25 Q Was there any discussion between you and the

1 other directors as to what the terms of the loan would be  
2 whereby NMTV was to borrow \$4 million?

3 A Yes. They went over all those details.

4 Q You say "they went over all those details."  
5 When did they go over all those details?

6 A At one of the board meetings.

7 Q I want to be very fair with you. This document  
8 is a document --

9 A Right. This is a special one aside from  
10 talking about --

11 Q This is not a document that comes from a board  
12 meeting.

13 A Right.

14 Q You understand that?

15 A I understand that clearly.

16 Q I want to now focus you on this document. Let  
17 me ask you again this question: As of the time that you  
18 signed this action by unanimous written consent, had it been  
19 agreed by the officers of NMTV to borrow \$4 million to  
20 purchase the Wilmington station?

21 A Did we discuss it and did we agree upon  
22 borrowing the money?

23 MR. COHEN: Would you read the question back.

24 (Record read.)

25 //

1 BY MR. COHEN:

2 Q I want to amend that to say: Had it been  
3 determined by the directors of NMTV as of the time this  
4 document was signed, had the directors agreed to borrow up  
5 to \$4 million?

6 A To my knowledge, yes.

7 Q And that was to borrow \$4 million from Trinity?

8 A Yes.

9 Q And did you have an understanding on August 26,  
10 1991, when you signed this action by written consent, did  
11 you have an understanding as to what the terms of the loan  
12 were to be whereby \$4 million was to be borrowed?

13 A Yeah, the basic amount, and I remember talking  
14 about a basic payback over an amount of years with a basic  
15 interest.

16 Q What were the number of years?

17 A I think we talked about seven, and then we put  
18 it to five, something like that. I don't really remember  
19 the details.

20 Q Was there security for the loan?

21 A I'm not sure what the security was.

22 Q Was there to be a down payment?

23 A I'm not sure what the down payment was, if  
24 there was a down payment.

25 Q Were those matters written down in any

1 document, the matters I've just asked you about, the terms  
2 and conditions of the loan?

3 A I'm sure they were.

4 Q Did you ever see a document that had that  
5 information in it?

6 A I don't recall.

7 Q Now, you recall there came a time when Dr. Hill  
8 was invited to join the board of directors?

9 A Yes, sir.

10 Q Did you think that was a good idea?

11 A Yes.

12 Q Whose idea was it, first of all, to propose the  
13 idea that Dr. Hill be a member of the board of directors?

14 A I'm not sure who thought up the idea first or  
15 how it came about.

16 Q Who presented the idea to you?

17 A I'm not sure if it was Jane or Paul.

18 Q Did you know Dr. Hill?

19 A Yes.

20 Q You knew him as of the time he came on the  
21 board?

22 A Yes.

23 Q And how did you come to know him?

24 A Through ministry, through different years of  
25 watching him preach, interacting with him in the community,

1 seeing him out on the streets, South Central, Watts, all the  
2 different places. He was a man all over from the White  
3 House to the city streets.

4 Q So you were in favor of him becoming a  
5 director?

6 A Oh, for sure.

7 Q Did you have any discussion with Dr. Hill  
8 before he became a director about him joining the board?

9 A Not anything pertaining to if he is qualified  
10 or how come or anything like that.

11 Q That wasn't my question. Did you have any  
12 discussion with him about NMTV prior to the time he joined  
13 the board?

14 A Not about NMTV, no.

15 Q Now I want to show you an action by unanimous  
16 written consent signed by you on December 26, 1991 and ask  
17 you to look at that.

18 And my question is: Who is it that proposed  
19 that Jim McClellan should receive a housing allowance during  
20 1992 of \$14,000?

21 A I don't know for sure who did.

22 Q Was it you?

23 A I don't think I did. Probably Jim.

24 Q Well, was Jim a director of NMTV?

25 A He was a station manager. But, I mean, if you



1 wonder whose ideal it was, it might have been his ideal.

2 Q But you don't know whose idea it was?

3 A It might have been my ideal, I'm not sure.

4 It's a good idea, though.

5 Q Do you know how the \$14,000 sum was arrived at?

6 A I'm sure it was figured out by how much housing  
7 was and his family --

8 Q Do you know this, or are you guessing?

9 A That's the way everybody does it. I'm just  
10 guessing that's how everybody does it. That's how I do it  
11 with our staff.

12 Q I want to ask you about a minute entitled "1992  
13 Annual Meeting of National Minority, Inc." And please look  
14 that document over for a minute.

15 Was Norman Juggert present at this meeting, if  
16 you can recall?

17 A I don't recall.

18 Q Will you please note, Pastor, that Terrence  
19 Hickey and Allan Brown were elected as assistant secretaries  
20 at that meeting. Do you see that?

21 A Uh-huh.

22 Q First of all, do you recall who nominated those  
23 two gentlemen?

24 A I don't.

25 Q Do you recall why they were nominated as